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# Recommending a Strategy

Use “alternative financing” to upgrade facilities

Develop a plan for selecting target buildings

Plan for operation in a “deregulated” environment

Reduce energy consumption and utility expense by advanced metering technology

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# Vision Statement

- ◆ Improved buildings, energy efficiency, and lower operation costs while strategically positioning agency
- ◆ Lower utility costs

# Goal and Objective

- ◆ To supplement the agency budget
- ◆ To advance government policy goals and agency business objectives
- ◆ To conserve energy and preserve the environment

# Today's Situation

- ◆ Agency is under funded and buildings are aging
- ◆ The Utility industry is changing with deregulation
- ◆ Natural gas and electric power are becoming “commodities” traded on exchanges
- ◆ The agency lack knowledge of utility industry and financial markets
- ◆ Power procurement is becoming increasingly important

# How Did We Get Here?

- ◆ The Utility Company as a natural monopoly
- ◆ Business as usual
- ◆ The new economy and increased power requirements
- ◆ Environmental and other restraints
- ◆ Deregulation, restructuring and competition
- ◆ The convergence of energy/power, e-commerce and financial markets

# Available Options

- ◆ Do nothing
- ◆ Acquire skills and work to manage the situation
- ◆ Energy Conservation
- ◆ Consultants, Power marketers/power procurement
- ◆ Self generation, co-generation and distributed generation
- ◆ Advantages & disadvantages of each
- ◆ Cost - known and unknown
- ◆ Management of price risk

# Recommendation

- ◆ Employ a variety of the available options based on agency situation
- ◆ Better knowledge of building load profiles and lower utility expense
- ◆ Start at the beginning- energy audits of buildings
- ◆ Implement Energy Conservation projects
- ◆ Implement advanced metering strategies
- ◆ Fuel switching, thermal load shifting and peak shaving
- ◆ Hedging and other tactics to manage price risk